

Draft Internal Audit Charter

Origins and Mission: The California Public Utilities Commission (CPUC) Internal Audit Unit serves as an aid to the effective management of the Commission's operations and staff. The Internal Audit Unit was established by, and reports to the Commission through its Audit Subcommittee. The mission of the Internal Audit Unit is to conduct objective reviews and evaluations of the organizational work products, processes and systems of the CPUC, based on evidence tested against defined goals and standards.

Authority: The Internal Audit Unit has been given authority by the Commission to investigate, document and analyze any function, product or activity designated for study by the Audit Subcommittee. This includes the ability to interview any Commission staff, review any Commission documents or other information however stored, and obtain information from regulated utilities in the same manner as can other Commission staff. The Internal Audit Unit is to pursue its activities in a reasonable manner that is not disruptive to normal Commission operations, and while respecting all applicable laws, rules, and collective bargaining agreements. The Internal Audit Unit does not supervise or manage other Commission staff or organizational units.

Operations: The Internal Audit Unit conducts its reviews and evaluations in response to specific direction from the Audit Subcommittee. While recommendations for improvement may be contained in internal audit reports, determinations about how to respond to audit findings are reserved for the Commission itself and CPUC staff management, as appropriate.

Objectivity and Conflicts: The Internal Audit Unit will pursue its activities in an independent and objective fashion, relying on evidence as the basis for its analysis and findings and following the standards of the Institute of Internal Auditors (IIA). A member of the Internal Audit Unit will not participate in a particular audit if there is a substantial reason to doubt his or her objectivity with regard to that assignment. Internal Audit Unit members are expected to conduct themselves ethically and professionally, and to be forthright about potential conflicts or other issues that may impair their ability to perform competent and objective work in a given instance.

Staffing: The Chief Internal Auditor will collaborate with the Executive Director and the Director of Administrative Services to staff the Internal Audit Unit. Depending on circumstances and the needs of the Commission, audit staffing may include Commission staff on full-time or temporary assignment, staff from other State agencies, or subject matter experts engaged on a consulting basis. The ultimate responsibility for audit findings shall lie with the Chief Internal Auditor. In the event that a conflict requires the recusal of the Chief Internal Auditor in a given instance, the Audit Subcommittee will designate another person with ultimate responsibility for that audit.